

Nebraska Information Technology Commission
Monday, March 24, 2003, 9:00 A.M.
Peter Kiewit Conference Center Room 127
1313 Farnam Street
Omaha, Nebraska

PROPOSED MINUTES

MEMBERS PRESENT:

Lieutenant Governor Dave Heineman, Chair
Greg Adams, Mayor, City of York
Linda Aerni, Chief Executive Officer, Community Internet Systems
L. Merrill Bryan, Senior Vice President & Chief Information Officer, Union Pacific
Dr. Eric Brown, Manager, KRVN Radio
Trev Peterson, Attorney, Knudsen, Berkheimer, Richardson, and Endacott, LLP
Dr. L. Dennis Smith, President, University of Nebraska
Hod Kosman, CEO, Platte Valley Financial Services

MEMBER ABSENT: Dr. Doug Christensen, Commissioner, Department of Education

CALL TO ORDER, ROLL CALL AND NOTICE OF MEETING

Lieutenant Governor Heineman called the meeting to order at 9:12 a.m. There were seven commissioners present at the time of roll call. A quorum existed to conduct official business. The meeting notice was posted to the NITC and Public Meeting Calendar Web sites on March 5, 2003; the meeting agenda was posted to the NITC Web site on March 12, 2003.

APPROVAL OF NOVEMBER 13, 2002, MINUTES

Commissioner Peterson moved to approve the minutes. Commissioner Brown seconded the motion. Roll call vote: Adams-Yes, Aerni-Yes, Brown-Yes, Bryan-Yes, Heineman-Yes, Kosman-Yes, Peterson-Yes. Results: 7-Yes, 0-No. The motion carried.

PUBLIC COMMENT - There was no public comment.

REPORT – COMMUNITY COUNCIL

Anne Byers, Community Information Technology Manager
(Click on above Report-Community Council link for detailed report information.)

Ms. Byers reported on the Community IT Planning and Mini Grant program. The mini grants have already contributed to several significant developments. For example, the Crawford/Harrison group has conducted a community technology survey and completed an engineering study. This information was used to prepare an application for the RUS Community Connect Broadband Grant Program. The West Point group is working with two providers to deploy fixed broadband wireless in West Point, Oakland, and Bancroft/Pender. The group is planning to use their mini grant for an engineering study.

Although the \$2,500 grants are small, they have proven effective in being a catalyst for progress. None of the 18 communities that applied for but did not receive grants have proceeded on their own, even though they could have had access to the same technical assistance from the State.

Commissioner Smith joined the meeting at 9:21 a.m.

Commissioners discussed the Community Council's nominations for membership. Discussion centered on the need to insure "new blood", geographic distribution, and representation of Western Nebraska. Ms. Byers explained that five of the nominations are new to the Council, and that only a few of the original members are still on the Council. With the new members, Western Nebraska has three representatives.

Commissioner Aerni moved to approve the slate of nominations. Commissioner Kosman seconded the motion. Roll call vote: Adams-Yes, Aerni-Yes, Brown-Yes, Bryan-Yes, Heineman-Yes, Kosman-Yes, Peterson-Yes, Smith-Yes. Results: 8-Yes, 0-No. The motion carried.

Ms. Byers asked for approval of the proposed grant from the Community Technology Fund to continue a second round of mini grants for community IT planning. Mr. Schafer explained that staff is recommending that the NITC target grant funds to projects selected by the Council, rather than conducting a competitive process for awarding multiple projects. This departure from past practice is necessary because with budget cuts and uncertain revenues there is not enough money to make a competitive process worthwhile. Money for the proposed \$20,000 award for another round of mini-grants is available, because a previous grant recipient recently surrendered its allocation of \$25,000. Mr. Schafer noted that staff has been vigilant in recapturing funding from stalled projects for both the Community Technology Fund and Government Technology Collaboration Fund.

Mr. Brown moved to approve the award of \$20,000 from the Community Technology Fund for the community IT planning mini grants. Mr. Bryan seconded the motion. Roll call vote: Adams-Yes, Aerni-Yes, Brown-Yes, Bryan-Yes, Heineman-Yes, Kosman-Yes, Peterson-Yes, Smith-Yes. Results: 8-Yes, 0-No. The motion carried.

REPORT – EDUCATION COUNCIL

Tom Rolfes, Education Information Technology Manager

(Click on above Report-Education Council link for detailed report information.)

Mr. Rolfes presented highlights from the written report. Using a grant from the State Records Board to the CIO, the Education Council partnered with Nebrask@ Online to develop the Nebraska Education Portal (www.nebraska.gov/education/). The Education Council prioritized several options for enhancements that will be added to the portal in the future. On March 18, the Public Service Commission held a workshop on the current status and future of distance education in Nebraska. The Technical Panel helped to organize testimony and made a presentation. One outcome was awareness and interest among commissioners in the efforts of the Statewide Synchronous Video Workgroup to develop a long-range implementation plan. The workgroup will meet for the first time on March 26.

Mr. Rolfes reported on the 3-21-03 meeting of the Education Council. Many members of the Council expressed frustration that they had not made more progress toward achieving their goals. Their concerns fall into three areas: 1) The Council lacks any funding or real authority to enact change. Some members suggested the need for a grant fund modeled after the Community Technology Fund and the Government Technology Collaboration Fund. 2) The Education Council expected that the biennial budget review process would help projects that achieved a high ranking. Instead, identifying projects and putting them through the process actually seemed to be a detriment in terms of funding from the Legislature. 3) The Education Council is impatient with the slow progress in developing a statewide education network and the lack of any real funding commitment from the state. Every other state with a statewide education network started out with a substantial amount of seed money. The NITC should perform the role of advocate.

Discussion indicated general agreement with the Education Council's concerns. One purpose of today's meeting is to examine whether the NITC has the right tools to achieve its goals.

REPORT–STATE GOVERNMENT COUNCIL

Steve Schafer, Chief Information Officer

(Click on above Report-State Government Council link for detailed report information.)

Mr. Schafer referred to the E-Government Strategic Plan (2003), which is an element of the Statewide Technology Plan. The update of the plan serves a dual purpose. One is to set guide the efforts of state agencies. The other is to set expectations and provide a benchmark for choosing a manager for Nebraska@ Online. Discussion indicated an interest in conducting a survey to determine what services citizens expect to do over the Internet. The Commission will revisit the 2003 E-Government Strategy when it updates the Statewide Technology Plan.

REPORT–TECHNICAL PANEL

Steve Schafer, Chief Information Officer

(Click on above Report-Technical Panel link for detailed report information.)

Mr. Schafer explained some of the history of the Public Safety Wireless Project. Some funding is coming from the Information Technology Infrastructure Fund, which requires NITC approval of the project plan before any expenditure. The project plan under consideration pertains to the proposed expenditure of \$265,000 for expert assistance and some administrative expenses. Pursuant to statute, the Technical Panel has reviewed the project plan and recommended approval, subject to the condition of providing a list of deliverables and milestones. Commissioner Heineman provided further information on the formation and recent activities of the State Communications Alliance of Nebraska (SCAN) Board.

Mr. Kosman moved to approve the project plan for expending up to \$265,000 for consultant and administrative expenses as described in the project proposal for the Public Safety Wireless Project. Mr. Peterson seconded the motion. Roll call vote: Adams-Yes, Aerni-Yes, Brown-Yes, Bryan-Yes, Heineman-Yes, Kosman-Yes, Peterson-Yes, Smith-Yes. Results: 8-Yes, 0-No. The motion carried.

Mr. Schafer introduced the proposed guideline for "Use of Fax Servers." The purpose of the guideline is to give official recognition to a solution that is now in place for sending and receiving electronic faxes directly from one's personal computer and e-mail system. The system was developed in response to a need from the Department of Health and Human Services, but it was implemented in a manner that will allow other agencies to use the system as well. Commissioner Bryan asked whether there was any potential to aggregate demand and achieve greater economies of scale. Mr. Schafer offered to investigate this further and provide more information at the next meeting.

STAFF REPORT

Steve Schafer, Chief Information Officer

Mr. Schafer referred to the report, "Action Items Update", which summarizes progress on the NITC Councils' priorities. There were no questions. He explained that statute requires an annual update to the Statewide Technology Plan. The NITC has the option of doing a major overhaul of the plan or making minor revisions. The timeframe for minor changes to the content and action items could be accomplished by the June meeting. Major changes would require a longer period of time. Today's discussion of vision, goals and effectiveness will help determine whether a major revision is necessary.

FUTURE MEETING DATES

Commissioners agreed to the following calendar of meetings for 2003:

- Tuesday, June 10
- Tuesday, September 16
- Thursday, November 13

The September meeting is subject to change, because not all of the commissioners would be able to attend. Commissioner Heineman directed Mr. Schafer to try to find an alternate date. The June meeting will be in Kearney.

PANEL DISCUSSION – “SETTING STRATEGIC DIRECTION FOR INFORMATION TECHNOLOGY”

Commissioner Heineman thanked Commissioner Bryan for organizing the panel discussion. He thanked the panelists for spending time and sharing their insights with the NITC. Panelists included: Charley Eisele and Merrill Bryan of Union Pacific, Ken Gerhardt – ConAgra, Jim Hansen – Mutual of Omaha, and Jim Schmidt of First National Bank. Discussion included the following questions and answers:

Q: How does one achieve buy-in when going from a decentralized model to centralized support?

- Sometimes a command decision is necessary;
- Try for consensus among the “willing”;
- Set a standards and get some participation to prove benefits;
- Provide centralized funding to gain participation;
- Provide a corporate level solution with corporate funding to get participation;
- For infrastructure, start with a subsidy to build the infrastructure, then charge out costs when it is fully developed;
- Security is driving more centralization;
- Focus on common problems;

Q: How does one assess the risk of choosing the wrong project or the wrong technology?

- The NITC can provide information and research to guide decisions;
- Conduct due diligence to understand the viability of vendors regarding the choice of technology partners.

Q: What authority should the NITC have over technology decisions?

- The biggest challenge is understanding and amalgamating needs that may be common across different entities – “build once and use many times”
- The NITC’s authority is similar to companies in the private sector with decentralized corporate structure.
- Success in any environment requires the use of marketing concepts, because no CIO has a mandate from the CEO for every project. Ninety percent of the CIO’s task is marketing their ideas. Credibility is essential.

Q: Should public entities outsource their information technology functions?

- For large organizations, outsourcing to companies within the United States should not be cheaper. If it is, then one is not doing one’s job. For smaller companies there may be situations involving

special skills or economy of scale. Offshore solutions may provide cost savings for “commodity” tasks like programming.

- Packaged solutions are an option.
- One must never outsource activities that are fundamental or critical to core competencies.

Q: How does the private sector get rid of low priority functions?

- Getting organizations to give up the entitlement mentality is difficult. The book, “Good to Great: Why Some Companies Make the Leap... and Others Don’t” by Jim Collins, has excellent advice on this topic.
- It is necessary to stop funding things that are not strategic.
- View infrastructure as a commodity or utility to remove emotion and then drive costs down.
- Look for ways to share resources by identifying a broad portfolio of opportunities and then choose some that offer immediate benefits.
- Find out the priorities of participants and address them.
- Decide what is critical to one’s core competencies and then treat everything else as a commodity.
- Take the emotionalism out of budget decisions by focusing on one’s priorities.
- Get back to core competencies.
- State government with multiple systems has a huge opportunity to achieve greater efficiency.
- Distinguish between commodity-type functions and core competencies.

Q: How does one take competition into account?

- Use benchmarks.
- Use benchmarks and look at best practices in competing companies.

Q: How important is standardization and centralization?

- It took our company five years to consolidate data centers, networks, and other common functions. We focused on distinguishing between commodity functions vs. core competencies.
- Standardization can occur over time. Pick one’s battles and focus on small gains.
- We have saved a lot of money by consolidating computers, networks, and help desk functions.
- E-mail is the single most important application at (company A).
- E-mail is the largest application at (company B).

Q: The state should host a high-level economic summit to determine the state’s priorities.

LUNCH (12:20pm to 1:00pm)

DISCUSSION: VISION, GOALS, and EFFECTIVENESS MEASURES

The meeting reconvened at 1:00pm. Discussion covered a wide range of issues. Specific ideas for further consideration included:

- The goals and vision of the NITC are still valid.
- Prepare an inventory of current spending on information technology;
- Conduct a Nebraska-specific survey to follow up on the Digital State Survey and determine what citizens and businesses consider to be the highest priority for e-government services;
- Direct the NITC Councils to address two questions: 1) What do we need to do to achieve strategic goals, and 2) what do we need to do to be more efficient?

- Establish better communication with the Governor and Legislature, especially pertaining to prioritization of projects and the role of the NITC in setting strategic direction for information technology in the state.
- Commissioners should become more involved in the NITC Councils, perhaps by attending Council meetings.

NEXT MEETING AND ADJOURNMENT

The next meeting of the NITC will be June 10 in Kearney. Staff will arrange for a meeting location and finalize the time.

The meeting was adjourned at 2:08 p.m.

Minutes were taken by Steve Schafer and reviewed by staff of the Office of the CIO/NITC.